



Iowa Department of Human Services

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Director

INFORMATIONAL LETTER NO. 1782-MC-FFS

DATE: April 21, 2017

TO: Iowa Medicaid Hospitals (excluding Indian Health Service Providers)

APPLIES TO: Managed Care, Fee-for-Service

FROM: Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

RE: 2017 Update for Outpatient Prospective Payment System (OPPS)

EFFECTIVE: January 1, 2017

Informational Letter (IL) [1414](#)¹ issued August 11, 2014 (and effective upon its issuance), instructed providers to append the “L1” modifier for use in billing lab services under certain circumstances. IL 1414 was issued consistent with changes that the Centers for Medicare and Medicaid Services (CMS) made at that time related to Medicare’s Hospital OPPS payment system.

Medicare provided notification in December 2016 that it was discontinuing use of the L1 modifier for dates of service on/after January 1, 2017. The IME is required to follow Medicare when it discontinues a modifier. Providers should follow standard outpatient billing under OPPS, which includes, but is not limited to, type of bill and other related matters.

A further description of the changes and the discontinuation of the L1 modifier are found in [Medicare Learning Network \(MLN\) Matters](#)², issue number 9930.

If you have any questions, please contact the IME Provider Services Unit at 1-800-338-7909, or by email at imeproviderservices@dhs.state.ia.us.

¹

<https://dhs.iowa.gov/sites/default/files/1414%20Update%20for%20Outpatient%20Prospective%20Payment%20System.pdf>

² <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9930.pdf>